

1 James I. Stang, Esq. (CA Bar No. 94435)  
 2 Shirley S. Cho, Esq. (CA Bar No. 192616)  
 3 Werner Disse, Esq. (CA Bar No. 143458)  
 PACHULSKI STANG ZIEHL & JONES LLP  
 10100 Santa Monica Blvd., 11th Floor  
 4 Los Angeles, California 90067-4100  
 Telephone: 310/277-6910  
 5 Facsimile: 310/201-0760  
 Email: [jstang@pszjlaw.com](mailto:jstang@pszjlaw.com)  
[scho@pszjlaw.com](mailto:scho@pszjlaw.com)  
[wdisse@pszjlaw.com](mailto:wdisse@pszjlaw.com)

E-File: February 16, 2010

8 Zachariah Larson, Esq. (NV Bar No. 7787)  
 LARSON & STEPHENS  
 9 810 S. Casino Center Blvd., Ste. 104  
 Las Vegas, NV 89101  
 Telephone: 702/382.1170  
 Facsimile: 702/382.1169  
 Email: [zlarson@lslawnv.com](mailto:zlarson@lslawnv.com)

12 Attorneys for Debtors and  
 13 Debtors in Possession

14 **UNITED STATES BANKRUPTCY COURT**

15 **DISTRICT OF NEVADA**

16 In re:

Case No.: BK-S-09-14814-LBR  
 (Jointly Administered)

17 THE RHODES COMPANIES, LLC, aka  
 18 "Rhodes Homes," et al.<sup>1</sup>

Chapter 11

19 Debtors.

---

21 <sup>1</sup> The Debtors in these cases, along with their case numbers are: Heritage Land Company, LLC (Case No. 09-  
 22 14778); The Rhodes Companies, LLC (Case No. 09-14814); Tribes Holdings, LLC (Case No. 09-14817); Apache  
 23 Framing, LLC (Case No. 09-14818); Geronimo Plumbing LLC (Case No. 09-14820); Gung-Ho Concrete LLC (Case  
 No. 09-14822); Bravo, Inc. (Case No. 09-14825); Elkhorn Partners, A Nevada Limited Partnership (Case No. 09-  
 14828); Six Feathers Holdings, LLC (Case No. 09-14833); Elkhorn Investments, Inc. (Case No. 09-14837); Jarupa,  
 24 LLC (Case No. 09-14839); Rhodes Realty, Inc. (Case No. 09-14841); C & J Holdings, Inc. (Case No. 09-14843);  
 Rhodes Ranch General Partnership (Case No. 09-14844); Rhodes Design and Development Corporation (Case No.  
 25 09-14846); Parcel 20, LLC (Case No. 09-14848); Tuscany Acquisitions IV, LLC (Case No. 09-14849); Tuscany  
 Acquisitions III, LLC (Case No. 09-14850); Tuscany Acquisitions II, LLC (Case No. 09-14852); Tuscany  
 26 Acquisitions, LLC (Case No. 09-14853); Rhodes Ranch Golf Country Club, LLC (Case No. 09-14854); Overflow,  
 LP (Case No. 09-14856); Wallboard, LP (Case No. 09-14858); Jackknife, LP (Case No. 09-14860); Batcave, LP  
 27 (Case No. 09-14861); Chalkline, LP (Case No. 09-14862); Glynda, LP (Case No. 09-14865); Tick, LP (Case No.  
 09-14866); Rhodes Arizona Properties, LLC (Case No. 09-14868); Rhodes Homes Arizona, L.L.C. (Case No. 09-  
 28 14882); Tuscany Golf Country Club, LLC (Case No. 09-14884); and Pinnacle Grading, LLC (Case No. 09-14887).

Affects:

- 1       All Debtors  
2       Affects the following Debtor(s)  
Rhodes Design and Development Corporation

3      **NOTICE OF FILING OF PROPOSED ORDER GRANTING MOTION OF DEBTOR  
4      FOR ORDER APPROVING STIPULATION TO LIFT THE AUTOMATIC STAY RE  
5      CLAIMS OF REMAINING KITEC HOMEOWNERS [Docket No. 940]**

6      **PLEASE TAKE NOTICE** that attached hereto as **Exhibit A** is the proposed *Order*  
7      *Granting Motion Of Debtor For Order Approving Stipulation To Lift The Automatic Stay Re*  
8      *Claims Of Remaining Kitec Homeowners [Docket No. 940]*, which has been approved by the  
9      Debtors, counsel for the In re Kitec Fitting Litigation Class Plaintiffs and counsel for the insurer  
10     of Rhodes Design and Development Corporation.

11     **DATED** this 16<sup>th</sup> day of February, 2010.

12     **LARSON & STEPHENS**

13     /s/ Zachariah Larson, Esq.  
14     Zachariah Larson, Bar No. 7787  
15     Kyle O. Stephens, Bar No. 7928  
16     810 S. Casino Center Blvd., Suite 104  
17     Las Vegas, NV 89101  
18     702/382.1170  
19     Attorneys for Debtors  
20  
21  
22  
23  
24  
25  
26  
27  
28

LARSON & STEPHENS  
810 S. Casino Center Blvd., Suite 104  
Las Vegas, Nevada 89101  
Tel: (702) 382-1170 Fax: (702) 382-1169

EXHIBIT A

LARSON & STEPHENS  
810 S. Casino Center Blvd., Suite 104  
Las Vegas, Nevada 89101  
Tel: (702) 382-1170 Fax: (702) 382-1169

**UNITED STATES BANKRUPTCY COURT  
DISTRICT OF NEVADA**

In re:

THE RHODES COMPANIES, LLC, aka  
“Rhodes Homes,” et al.,<sup>1</sup>  
Debtors.

## Affects:

- All Debtors  
 Affects the following Debtor(s)  
Rhodes Design and Development Corporation

Case No.: BK-S-09-14814-LBR  
(Jointly Administered)

Chapter 11

Hearing Date: February 18, 2010

Hearing Time: 1:30 p.m.

## Courtroom 1

**ORDER GRANTING MOTION OF DEBTOR FOR ORDER APPROVING**

**STIPULATION TO LIFT THE AUTOMATIC STAY RE CLAIMS OF REMAINING**

## KITEC HOMEOWNERS [Docket No. 940]

<sup>1</sup> The Debtors in these cases, along with their case numbers are: Heritage Land Company, LLC (Case No. 09-14778); The Rhodes Companies, LLC (Case No. 09-14814); Tribes Holdings, LLC (Case No. 09-14817); Apache Framing, LLC (Case No. 09-14818); Geronimo Plumbing LLC (Case No. 09-14820); Gung-Ho Concrete LLC (Case No. 09-14822); Bravo, Inc. (Case No. 09-14825); Elkhorn Partners, A Nevada Limited Partnership (Case No. 09-14828); Six Feathers Holdings, LLC (Case No. 09-14833); Elkhorn Investments, Inc. (Case No. 09-14837); Jarupa, LLC (Case No. 09-14839); Rhodes Realty, Inc. (Case No. 09-14841); C & J Holdings, Inc. (Case No. 09-14843); Rhodes Ranch General Partnership (Case No. 09-14844); Rhodes Design and Development Corporation (Case No. 09-14846); Parcel 20, LLC (Case No. 09-14848); Tuscany Acquisitions IV, LLC (Case No. 09-14849); Tuscany Acquisitions III, LLC (Case No. 09-14850); Tuscany Acquisitions II, LLC (Case No. 09-14852); Tuscany Acquisitions, LLC (Case No. 09-14853); Rhodes Ranch Golf and Country Club, LLC (Case No. 09-14854); Overflow, LP (Case No. 09-14856); Wallboard, LP (Case No. 09-14858); Jackknife, LP (Case No. 09-14860); Batcave, LP (Case No. 09-14861); Chalkline, LP (Case No. 09-14862); Glynda, LP (Case No. 09-14865); Tick, LP (Case No. 09-14866); Rhodes Arizona Properties, LLC (Case No. 09-14868); Rhodes Homes Arizona, L.L.C. (Case No. 09-14882); Tuscany Golf Country Club, LLC (Case No. 09-14884); and Pinnacle Grading, LLC (Case No. 09-14887).

1           Upon consideration of the *Motion of Debtor for Order Approving Stipulation to Lift the*  
2 *Automatic Stay Regarding Claims of Remaining Kitec Plaintiffs* [Docket Number 940] (the  
3 “Motion”),<sup>2</sup> and good cause appearing,

4           IT IS HEREBY ORDERED that the Stipulation attached hereto as Exhibit “1” is  
5 approved and the automatic stay is lifted for the limited purpose of permitting the Remaining  
6 Kitec Plaintiffs and RD&D to take all actions necessary to effectuate the Stipulation.

7  
8 PREPARED AND SUBMITTED BY:

9 LARSON & STEPHENS

10 By: /s/ Zachariah Larson, Esq.  
11 Zachariah Larson, Esq., Bar No. 7787  
12 810 S. Casino Center Blvd., Suite 104  
13 Las Vegas, Nevada 89101  
14 Tel: (702) 382-1170  
Fax: (702) 38201169  
Attorneys for the Debtors

LARSON & STEPHENS  
810 S. Casino Center Blvd., Suite 104  
Las Vegas, Nevada 89101  
Tel: (702) 382-1170 Fax: (702) 382-1169

2 Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Stipulation.

**Exhibit “1”**

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

LARSON & STEPHENS  
810 S. Casino Center Blvd., Suite 104  
Las Vegas, Nevada 89101  
Tel: (702) 382-1170 Fax: (702) 382-1169

1 James I. Stang, Esq. (CA Bar No. 94435)  
 2 Shirley S. Cho, Esq. (CA Bar No. 192616)  
 3 Werner Disse, Esq. (CA Bar No. 143458)  
 4 PACHULSKI STANG ZIEHL & JONES LLP  
 5 10100 Santa Monica Blvd., 11th Floor  
 6 Los Angeles, California 90067-4100  
 7 Telephone: 310/277-6910  
 8 Facsimile: 310/201-0760  
 9 Email: jstang@pszjlaw.com  
 10 scho@pszjlaw.com  
 11 wdisse@pszjlaw.com

12 Zachariah Larson, Esq. (NV Bar No. 7787)  
 13 LARSON & STEPHENS  
 14 810 S. Casino Center Blvd., Ste. 104  
 15 Las Vegas, NV 89101  
 16 Telephone: 702/382.1170  
 17 Facsimile: 702/382.1169  
 18 Email: zlarson@lslawnv.com

19 Attorneys for Debtors and  
 20 Debtors in Possession

## UNITED STATES BANKRUPTCY COURT

### DISTRICT OF NEVADA

21 In re:

22 THE RHODES COMPANIES, LLC, aka  
 23 "Rhodes Homes," et al.<sup>3</sup>

24 Debtors.

25 Case No.: BK-S-09-14814-LBR  
 26 (Jointly Administered)

27 Chapter 11

28 Affects:

- All Debtors  
 Affects the following Debtor(s)

29 Rhodes Design and Development Corporation

---

30 <sup>3</sup> The Debtors in these cases, along with their case numbers are: Heritage Land Company, LLC (Case No. 09-  
 31 14778); The Rhodes Companies, LLC (Case No. 09-14814); Tribes Holdings, LLC (Case No. 09-14817); Apache  
 32 Framing, LLC (Case No. 09-14818); Geronimo Plumbing LLC (Case No. 09-14820); Gung-Ho Concrete LLC (Case  
 33 No. 09-14822); Bravo, Inc. (Case No. 09-14825); Elkhorn Partners, A Nevada Limited Partnership (Case No. 09-  
 34 14828); Six Feathers Holdings, LLC (Case No. 09-14833); Elkhorn Investments, Inc. (Case No. 09-14837); Jarupa,  
 35 LLC (Case No. 09-14839); Rhodes Realty, Inc. (Case No. 09-14841); C & J Holdings, Inc. (Case No. 09-14843);  
 36 Rhodes Ranch General Partnership (Case No. 09-14844); Rhodes Design and Development Corporation (Case No.  
 37 09-14846); Parcel 20, LLC (Case No. 09-14848); Tuscany Acquisitions IV, LLC (Case No. 09-14849); Tuscany  
 38 Acquisitions III, LLC (Case No. 09-14850); Tuscany Acquisitions II, LLC (Case No. 09-14852); Tuscany  
 39 Acquisitions, LLC (Case No. 09-14853); Rhodes Ranch Golf Country Club, LLC (Case No. 09-14854); Overflow,  
 40 LP (Case No. 09-14856); Wallboard, LP (Case No. 09-14858); Jackknife, LP (Case No. 09-14860); Batcave, LP  
 41 (Case No. 09-14861); Chalkline, LP (Case No. 09-14862); Glynda, LP (Case No. 09-14865); Tick, LP (Case No.  
 42 09-14866); Rhodes Arizona Properties, LLC (Case No. 09-14868); Rhodes Homes Arizona, L.L.C. (Case No. 09-  
 43 14882); Tuscany Golf Country Club, LLC (Case No. 09-14884); and Pinnacle Grading, LLC (Case No. 09-14887).

1                   **STIPULATION TO LIFT THE AUTOMATIC STAY REGARDING CLAIMS OF**  
 2                   **REMAINING KITEC PLAINTIFFS**

3                   This stipulation and agreed order (the “Stipulation”) is made and entered into by Debtor  
 4 Rhodes Design and Development Corporation (“RD&D”) and the Remaining Kitec Plaintiffs, as  
 5 defined below, in the *In re Kitec Fitting Litigation*, Case No. A493302, currently pending in  
 6 District Court of Nevada, Clark County, (hereinafter collectively referred to as the “Nevada  
 7 Class Action”), through their respective counsel, and in reference to the following facts:

8                   A.       The Nevada Class Action is, inter alia, a construction defect class action filed on  
 9 behalf of all owners of a residence in Clark County, Nevada, that contains or at any time  
 10 contained a Kitec or PlumbBetter plumbing system or components (the “Class”). As a result of  
 11 numerous mediation and settlement discussions held in connection with the Nevada Class  
 12 Action, on August 26, 2008, the Class and RD&D reached an agreement (the “Prepetition Kitec  
 13 Settlement”) to fully and finally resolve the claims of twenty-five (25) Class plaintiff  
 14 homeowners against RD&D in the Nevada Class Action (“Rhodes Subclass A”).

15                  B.       On March 31, 2009, RD&D filed a chapter 11 petition under the United States  
 16 Bankruptcy Code in the United States Bankruptcy Court for the District of Nevada. As a result  
 17 of the pendency of the bankruptcy case, all proceedings against RD&D are automatically stayed.

18                  C.       On September 4, 2009, the Debtors filed a motion to lift the automatic stay so that  
 19 the Prepetition Kitec Settlement with Rhodes Subclass A could be implemented [Docket No.  
 20 470], and on October 19, 2009 the Court entered an order approving the motion [Docket No.  
 21 597]. As part of the order, the Class’ proof of claim, which proof of claim is designated as  
 22 number 129 in RD&D’s case (the “Kitec Proof of Claim”), was reduced from \$5,605,000 to  
 23 \$5,308,125 in order to reflect the withdrawal of the claims of Rhodes Subclass A. Thus, the  
 24 claims of the remaining Class plaintiffs, i.e. the Class minus Rhodes Subclass A (the “Remaining  
 25 Kitec Plaintiffs”), total \$5,308,125. The Class also withdrew proof of claim number 60 in the  
 26 Rhodes Companies, LLC case as a duplicate claim of the Kitec Proof of Claim.

27                  C.       RD&D is willing to stipulate to lift the automatic stay pursuant to 11 U.S.C. § 362  
 28 for the sole purpose of permitting the Remaining Kitec Plaintiffs to liquidate their claims, on the

1 condition that the Remaining Kitec Plaintiffs are entitled to recover on their claims against  
 2 RD&D only from RD&D's insurer, Lexington Insurance (the "Insurer").

3 NOW, THEREFORE, IT IS HEREBY STIPULATED by the undersigned parties,  
 4 through their counsel and respective representatives that:

5 (a) The automatic stay shall be modified, subject to Bankruptcy Court approval, to  
 6 permit the Remaining Kitec Plaintiffs to liquidate their claims in the Nevada Class Action, as  
 7 further provided below.

8 (b) There shall be a full reservation of rights for RD&D and the Insurer with respect  
 9 to the relevant insurance policies and to defend the Nevada Class Action on the merits.

10 (c) Any and all portions of the Remaining Kitec Plaintiffs' claims or causes of action,  
 11 whether prepetition or postpetition claims or causes of action, that are not fully satisfied by  
 12 RD&D's available insurance policies are forever waived and discharged as against RD&D, even  
 13 if the Remaining Kitec Plaintiffs are unable to obtain any recovery from any insurance policies.

14 (d) Any recovery by the Remaining Kitec Plaintiffs received from the insurance  
 15 proceeds shall be reduced by the amount of the applicable insurance policy's deductible.

16 (e) Upon entry of the Order approving this Stipulation, the Kitec Proof of Claim shall  
 17 be deemed withdrawn. The claims agent shall be directed to amend the claims register to reflect  
 18 that the amount of proof of claim number 129 is reduced from \$5,308,125 to zero.

19 (f) The Remaining Kitec Plaintiffs agree not to oppose or object to confirmation of  
 20 the plan of reorganization currently proposed by the First Lien Steering Committee, as may be  
 21 amended or modified and to file a notice to that effect on or prior to January 19, 2010.

22 (g) The Bankruptcy Court retains jurisdiction to resolve any dispute arising from the  
 23 interpretation or enforcement of this Stipulation.

LARSON & STEPHENS  
 810 S. Casino Center Blvd., Suite 104  
 Las Vegas, Nevada 89101  
 Tel: (702) 382-1170 Fax: (702) 382-1169

1 DATED this 19<sup>th</sup> day of January, 2010.  
2 By: /s/ Carol L. Harris  
3 KEMP, JONES & COULTHARD, LLP  
4 J. Randall Jones, Esq. (#1927)  
William L. Coulthard, Esq. (#3927)  
Carol L. Harris, Esq. (#10069)  
5 3800 Howard Hughes Parkway, 17<sup>th</sup> Floor  
Las Vegas, Nevada 89169  
6 Tel. (702) 385-6000  
wlc@kjc-law.com  
7 *Counsel for In re Kitec Fitting Litigation*  
*Class Plaintiffs*  
8

DATED this 19<sup>th</sup> day of January, 2010.

By: /s/ Zachariah Larson  
LARSON & STEPHENS  
Zachariah Larson, Esq. (NV Bar No 7787)  
Kyle O. Stephens, Esq. (NV Bar No. 7928)  
810 S. Casino Center Blvd., Ste. 104  
Las Vegas, NV 89101  
(702) 382-1170 (Telephone)  
(702) 382-1169 (Facsimile)  
zlarson@lslawnv.com  
*Counsel for Debtors*

LARSON & STEPHENS  
810 S. Casino Center Blvd.. Suite 104  
Las Vegas, Nevada 89101  
Tel: (702) 382-1170 Fax: (702) 382-1169

LR 9021 Certification

In accordance with LR 9021, counsel submitting this document certifies as follows  
(check one):

The court has waived the requirement of approval under LR 9021.  
 This is a chapter 7 or 13 case, and either with the motion, or at the hearing, I have delivered a copy of this proposed order to all counsel who appeared at the hearing, any unrepresented parties who appeared at the hearing, and each has approved or disapproved the order, or failed to respond, as indicated below [list each party and whether the party has approved, disapproved, or failed to respond to the document]:

This is a chapter 9, 11, or 15 case, and I have delivered a copy of this proposed order to all counsel who appeared at the hearing, any unrepresented parties who appeared at the hearing, and each has approved or disapproved the order, or failed to respond, as indicated below [list each party and whether the party has approved, disapproved, or failed to respond to the document]:

I certify that I have served a copy of this order with the motion, and no parties appeared or filed written objections.

Submitted by:

DATED this 18<sup>th</sup> day of February, 2010.

By: /s/ Zachariah Larson

LARSON & STEPHENS  
Zachariah Larson, Esq. (NV Bar No 7787)  
Kyle O. Stephens, Esq. (NV Bar No. 7928)  
810 S. Casino Center Blvd., Ste. 104  
Las Vegas, NV 89101  
(702) 382-1170 (Telephone)  
(702) 382-1169  
zlarson@lslawnv.com  
Attorneys for Debtors